

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT:	BUCHANAN PRODUCTION COMPANY)	
)	
RELIEF SOUGHT:	POOLING OF INTERESTS)	
	IN DRILLING UNIT NO. SGU VP-6)	VIRGINIA
	PURSUANT TO SECTION)	GAS AND OIL
	45.1-361.22, CODE OF)	BOARD
	VIRGINIA, 1950 AS)	
	AMENDED, (HEREIN "SUBJECT)	DOCKET NO.
	DRILLING UNIT") FOR THE)	VGOB 92-0721-0244
	PRODUCTION OF COALBED METHANE)	
	GAS FROM SEALED GOB AREAS IN)	
	SUBJECT FORMATIONS IN SUBJECT)	
	DRILLING UNIT INCLUDING SUCH)	
	GAS FROM ANY ADDITIONAL WELL)	
	AUTHORIZED PURSUANT TO)	
	\$ 45.1-361.20, CODE OF)	
	1950, AS AMENDED (herein)	
	"Additional Well(s)) herein)	
	collectively referred to as)	
	"Coalbed Methane Gas"))	
LEGAL DESCRIPTION:)	
	DRILLING UNIT NUMBER SGU VP-6)	
	(Herein "Subject Drilling Unit"))	
	BIG VEIN 77 ET AL TRACT)	
	VANSANT/KEEN MOUNTAIN QUADRANGLE,)	
	HURRICANE/GARDEN MAGISTERIAL DISTRICT)	
	BUCHANAN COUNTY, VIRGINIA)	
	(herein "Subject Lands" which are more)	
	particularly described on Exhibit)	
	"A", attached hereto and made a)	
	part hereof))	

REPORT OF THE BOARDFINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on July 21, 1992, Dickenson Conference Room, Southwest Virginia 4-H Center, Abingdon, Virginia.

2. Appearances: Mark A. Swartz and Howard G. Salisbury, appeared for the Applicant; Bonnie Davis and James Davis filed a written objection; James R. Williamson filed an appearance in behalf of himself and his sister, Barbara W. Banks, the heirs of Maude Williamson; Dennis Bailey filed written objections pro se; and Sandra B. Riggs, Assistant Attorney General was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to Sections 45.1-361.1 et seq., Virginia Code, 1950 as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonable available sources to determine the identity and whereabouts of potential owners, i.e., persons identified by Applicant as having or claiming the rights to coalbed methane gas in all coal seams below the Tiller Seam (hereafter "Subject Formation") in Subject Drilling Unit underlying and

comprised of Subject Lands, and (2) has given notice to all parties so identified (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) and entitled by §§ 45.1-361.19 and 45.1-361.22, Virginia Code, 1950 as amended, to notice of this application, and (3) that the persons set forth in Exhibit B hereto are persons identified by applicant who may be claimants of coalbed methane gas interests in Subject Formation, in Subject Drilling Unit underlying and comprised of Subject Lands, and are not subject to any lease and who have not voluntarily agreed to pool their interests. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19B, Virginia Code, 1950 as amended. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. Amendments: Exhibit A, Page 3; Exhibit B.

5. Dismissals: Tract No. 1C: Raymond Guy Boyd and Barbara Boyd

6. Relief Requested: Applicant requests (1) that pursuant to § 45.1-361.20, Code of Virginia, 1950 as amended, the Board establish Subject Drilling Unit to be served by five (5) well bores; (2) that pursuant to § 45.1-361.22, including the applicable portions of § 45.1-361.21, Code of Virginia, 1950 as amended, the Board pool the rights, interests and estates of the known and unknown persons named herein and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Coalbed Methane Gas, produced from the Subject Drilling Unit established for the Subject Formation underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"), and (3) that the Board designate Oxy USA, Inc. as Unit Operator.

7. Relief Granted: The requested relief in this cause be and hereby is granted and: (1) Pursuant to § 45.1-361.20, Code of Virginia, 1950 as amended, the Board hereby establishes Subject Drilling Unit; (2) that pursuant to § 45.1-361.21.C.3, Code of Virginia, 1950 as amended, Oxy USA, Inc. (hereafter "Unit Operator") is designated as the Unit Operator authorized to drill and operate any well authorized for the Subject Drilling Unit, subject to the permit provisions contained in Section 45.1-361.27 et seq., Code of Virginia, 1950 as amended, to § 480-05-22.1 et seq., Gas and Oil Regulations and to § 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time, and (3) all the interests and estates in Subject Drilling Unit, including those of the known and unknown persons listed on Exhibit "B", attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, including those who have not voluntarily agreed to pool their interests in Coalbed Methane Gas in the Subject Drilling Unit, be and hereby are pooled in the Subject Formation in the Subject Drilling Unit underlying and comprised of the Subject Lands.

<u>Subject Formation</u>	<u>Unit Size</u>	<u>Permitted Well Location</u>	<u>Field and Well Classification</u>	<u>Order Number</u>
All coal seams below the Tiller seam and associated strata	Approximately 1,069.85-acre drilling unit (See Exhibit A)	Five (5) VVH well bores to be converted to coalbed methane wells and located as shown on Exhibit A	Sealed Gob	None (See paragraph 17.1 hereof)

For the Subject Drilling Unit
underlying and comprised of the Subject
Land to be served by Five (5)
Well Bores referred to as:

Unit Number SGU VP-6
Buchanan County, Virginia

8. Election and Election Period: Each person pooled hereby may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 herein to the designated Unit Operator at the address shown below within thirty (30) days from the date this Order is recorded in the county above named. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the designated Unit Operator at the address shown below or has duly postmarked and placed its written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Any person pooled hereby may elect to participate in the development and operation of the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay the estimate of such Participating Operator's proportionate part of the actual and reasonable costs, including a reasonable supervision fee, of the well development and operation in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation VR 480-05-22.2, Section 10 (herein "Estimated Completed for Production Costs"). Further, a Participating Operator agrees to pay such Participating Operator's proportionate part of the Estimated, Completed-for-Production Costs as set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The Estimated, Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Estimated, Completed-for-Production Panel Costs:

Total Panel Costs: \$1,335,555.00

A Participating Operator's proportionate cost hereunder shall be the results obtained by multiplying the Participating Operators' "Undivided Net Interest Within Unit" as set forth in the fourth column of Exhibit B, times the Estimated, Completed for Production Costs set forth above. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay the estimate of his proportionate part of the Estimated, Completed-for-Production Costs as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above, any owner of an unleased interest may elect to accept a cash bonus consideration of \$1.00 per year per net mineral acre owned by such person plus a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds

received by the Unit Operator for the sale of the Coalbed Methane Gas and gas condensate produced from any well development covered by this Order (for purposes of this Order, net proceeds shall be actual proceeds received less all post-production costs incurred downstream of the wellhead, including but not limited to, all gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person) as fair, reasonable and equitable compensation to be paid to said owner, and any owner of a leased interest may elect to accept a cash bonus consideration to be paid to said owner of \$1.00 per year per net mineral acre leased as fair, reasonable and equitable compensation. Such cash bonus, when so elected, shall be tendered, paid or escrowed within sixty (60) days from the date of recording of this Order and when so paid or escrowed shall be satisfaction in full for all right, title, interests, estates, and claims of such electing person in the Subject Lands, except, in the case of the owner of an unleased interest, for the normal 1/8th royalty interest.

The election made under this Paragraph 9.2, when so made shall be satisfaction in full for all right, title, interests, estates and claims of such electing person in any well development covered hereby and such electing person shall be deemed to and hereby does lease and assign all its right, title, interests, estates, and claims in the Subject Drilling Unit to the Unit Operator.

- 9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a cash bonus consideration under Paragraph 9.2 above, any person pooled hereby may elect to share in the development and operation of Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the proportionate part of the Completed-for-Production Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. All of such Carried Well Operator's rights, title, interests, estates and claims in Subject Drilling Unit shall be deemed and hereby are assigned to the Unit Operator until the proceeds from the sale of such Carried Well Operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Completed-for-Production Costs allocable to the interest of such Carried Well Operator. When the Unit Operator recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development.

The election made under this Paragraph 9.3, when so made, shall be satisfaction in full for all rights, title, interests, estates and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign all its rights, title, interest, estates and

claims in the Subject Formation in the Subject Drilling Unit to the Unit Operator for the period of time during which its interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event a person fails to elect within the time, in the manner and in accordance with the terms of this Order or the alternatives set forth in Paragraph 9 above, such person accepts as to such person's interest, then such person shall be deemed to have elected not to participate in the proposed development and operation of Subject Drilling Unit and shall be deemed, subject to a final legal determination or ownership, to have elected to accept as satisfaction in full for all such person's right, title, interests, estates and claims the consideration provided in Paragraph 9.2 above for which its interest qualifies and shall be deemed to have leased and/or assigned all his right, title, interests, estates and claims in the Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed, subject to a final legal determination of ownership, to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for all right, title, interests, estates and claims of such person in the Subject Formation underlying Subject Lands.

11. Default By Participating Person: In the event a person elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Estimated, Completed-for-Production Costs as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, title, interest, estates and claims the cash bonus consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any such cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within sixty (60) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for all right, title, interests, estates and claims of such person in the Subject Formation underlying the Subject Lands covered hereby.

12. Assignment of Interest: In the event a person elects or fails to elect to do other than participate under Paragraph 9.1 above in the development and operation of the well in Subject Formations in Subject Drilling Unit, then such person shall be deemed to have and shall have assigned unto Unit Operator all of such person's right, title, interests, estates and claims in and to said well, in Subject Formation in Subject Drilling Unit, and other share in production to which such person may be entitled by reason of any election or deemed election hereunder.

13. Unit Operator (or Operator): OXY USA, Inc., be and hereby is designated as Unit Operator on behalf of Applicant authorized to drill and operate any well in Subject Formation in Subject Drilling Unit, all subject to the permit provisions contained in Section 45.1-361.27 et seq., Code of Virginia, 1950 as amended, §§ 480-05-22.1 et seq., Gas and Oil Regulations and §§ 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

OXY USA INC.
P. O. Drawer Q
Richlands, VA 24641
Phone: (703) 964-9802
Fax: (703) 963-0381
Attn: Martin E. Wirth, Land Manager

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of any well covered hereby within three hundred and sixty-five (365) days from the date of this Order and shall prosecute the same with due diligence. If Unit Operator shall not have so commenced and/or prosecuted, then this Order shall terminate, except for any cash sums becoming payable hereunder; otherwise, unless sooner terminated by Order of the Board, this Order shall expire at 12:00 P.M. on the date on which any well covered by this Order is permanently abandoned and plugged. However, in the event an appeal is taken from this Order, then the time between the filing of the petition for appeal and the final Order of the Circuit Court shall be excluded in calculating the one year period referred to herein.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the mineral estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are chargeable against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating any well covered hereby has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions:

By this Order, the Board instructs the Escrow Agent named herein or any successor named by the Board to establish an interest-bearing escrow account, (herein "the Escrow Account") to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described:

Tazewell National Bank
P. O. Box 909
Tazewell, VA 24651
(herein "Escrow Agent")

16.1. Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit Operator and shall, pursuant to Section 45.1-361.21.D, Code of Virginia, 1950 as amended, be deposited by the operator into the Escrow Account, commencing when a sale of gas produced from the well commences and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of each month being reported and/or for which funds are being deposited. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with § 45.1-361.21.D., Code of Virginia, 1950 as amended. Attached hereto is a listing of all persons who cannot be located together with each person's last known address, if available.

- 16.2 Escrow Provisions For Conflicting Claimants: If any payment of bonus, royalty payment of other payment due and owing under this Order cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment or other payment shall not be commingled with any funds of the Unit Operator and shall, pursuant to Virginia Code Sections 45.1-361.22.A.2 and 45.1-361.22.A.4, be deposited by the Operator into the Escrow Account, commencing when a sale of gas produced from the well commences and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of each month being reported and/or for which funds are being deposited. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.
17. Special Findings: The Board specifically and specially finds:
- 17.1. The Virginia Gas and Oil Board has heretofore established drilling units in Oakwood Coalbed Gas Field I (See OGCB 3-90) and Oakwood Coalbed Methane Gas Field II (See VGOB 91-1119-162) underlying and comprised of Subject Lands, but said field rules and orders specifically provide that they do not apply to the production of coalbed methane gas from sealed gob as contemplated by this application and as granted by this Order. The Oakwood Coalbed Gas Field Units included within Subject Drilling Unit are Z-18, Z-19, Z-20 and a portion of Z-21; AA-18, AA-19, AA-20 and a portion of AA-21; BB-18, BB-19, BB-20 and a portion of BB-21; CC-18, CC-19, CC-20 and a portion of CC-21. The Board has not heretofore issued any Order for the pooling of interests within the Oakwood Coalbed Gas Field I or the Oakwood Gas Field II Units contained with Subject Drilling Unit.
- 17.2 Applicant is a Virginia general partnership comprised of Appalachian Operators, Inc., and Appalachian Methane, Inc., and is duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 17.3 Applicant claims ownership of gas and oil leases, coalbed methane gas leases, and/or coal leases and the right to explore for, develop and produce Coalbed Methane Gas from coal seams below the Tiller seam in Unit Number SGU VP-6 in Buchanan County, Virginia, which Subject Lands are more particularly described in Exhibit "A".
- 17.4 Applicant has delegated to OXY USA Inc., authority to explore, develop and maintain the properties and assets of Applicant now owned or hereafter acquired, which delegation is evidenced by resolution of the management committee of Applicant introduced as Exhibit J, and Applicant seeks the appointment of OXY USA Inc. as the coalbed methane gas well Unit Operator of Subject Drilling Unit. Further, OXY USA Inc. has accepted Applicant's delegation and has agreed to explore, develop and maintain the properties and assets of Applicant, and has consented to serve as coalbed methane gas well Unit Operator for Subject Drilling Unit and to faithfully discharge the duties imposed upon it as Unit Operator by statute and regulation, all as evidenced by the consent introduced as Exhibit J.
- 17.5 Operations under and in accordance with this Order shall be regarded and considered as development, operation and production upon lands included within the Subject Drilling Unit. Production from any


well(s) authorized by this Order and drilled on, operated, or produced from any part of Subject Drilling Unit, no matter where located, shall, for all purposes, be regarded as production from each separately-owned tract within Subject Drilling Unit. The portion of production produced from and attributed to Subject Drilling Unit and any separately-owned tract therein, shall be deemed for all purposes to have been actually produced from Subject Drilling Unit and tract, and development, exploration or production operations with respect to any portion of Subject Drilling Unit shall be deemed for all purposes to be the conduct of such operations for the production of gas from each separately-owned tract in said Unit.

- 17.6 OXY USA Inc. is a Delaware corporation duly authorized to transact business in the Commonwealth of Virginia and is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
- 17.7 Applicant has proposed the conversion of five (5) VVH well bores to coalbed methane wells on the Subject Drilling Unit to develop the pool in the sealed gob areas of Subject Formations.
- 17.8 The sealed gob area is located within the VP-6 mine. The VP-6 mine longwall operation which created the gob is in the Pocahontas #3 coal seam. The mine map introduced as Exhibit L and the testimony indicated that mining is completed within the area of the VP-6 mine located within Subject Lands and the seals have already been installed to seal Subject Drilling Unit off from the balance of the VP-6 mine.
- 17.9 The estimated total production from Subject Drilling Unit is 2.2 BCF. The estimated amount of reserves from the Subject Drilling Unit is 2.2 BCF.
- 17.10 Respondents are listed on Exhibit "B". Set forth in Exhibit "B" is the name and last known address of each person (who has not, in writing, leased to or voluntarily pooled their interests in Subject Drilling Unit for its development) identified by the Applicant as having or claiming a potential interest in the Coalbed Methane Gas in Subject Formation in Subject Drilling Unit underlying and comprised of Subject Lands.
- 17.11 The Board has heretofore been presented with Exhibit K, a contract approval abstract, which purports to summarize the basic agreements reached by Island Creek Coal Company, OXY USA Inc. and Buchanan Production Company concerning the consideration to be paid by applicant for the use of the well bores to be used to produce gas from Subject Drilling Unit, which cost is incorporated in and made a part of the Estimated, Completed-for-Production Costs, set forth in Paragraph 9.1 above. The Board's granting of the relief requested in this cause is subject to the Applicant, at the earlier of completion of contract negotiations pertaining to the use of said well bores or October 21, 1992, either (1) reporting to the Board the status of the contract negotiations for the use of said well bores if said negotiations are not complete; or (2) if said negotiations are complete and a contract executed to evidence same then, presenting to the Board an abstract of any contract termination provision, the term of the contract and an abstract of any provision of the contract that differs in any respect from that set forth in the abstract presented to the Board as Exhibit K.

- 17.12 Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in any well covered hereby are those options provided in Paragraph 9 above; and
- 17.13 The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person in the Subject Drilling Unit the opportunity to recover or receive, without unnecessary expense, each person's just and fair share of the production from Subject Drilling Unit. The granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of coalbed methane gas, prevent or assist in preventing the various types of waste prohibited by statute and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.
18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within fifty (50) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.
19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).
20. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
21. Effective Date: This Order shall be effective on the date of its execution.
- DONE AND EXECUTED this 5th day of October, 1992, by a majority of the Virginia Gas and Oil Board.


Chairman, Benny R. Wampler

DONE AND PERFORMED this 7th day of October, 1992, by Order of this Board.


Byron Thomas Fulmer
Principal Executive To The Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

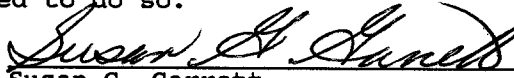
Acknowledged on this 5th day of October, 1992,
personally before me a notary public in and for the Commonwealth of Virginia,
appeared Benny Wampler, being duly sworn did depose and say that he is Chairman
of the Virginia Gas and Oil Board, that he executed the same and was authorized
to do so.


Susan G. Garrett
Notary Public

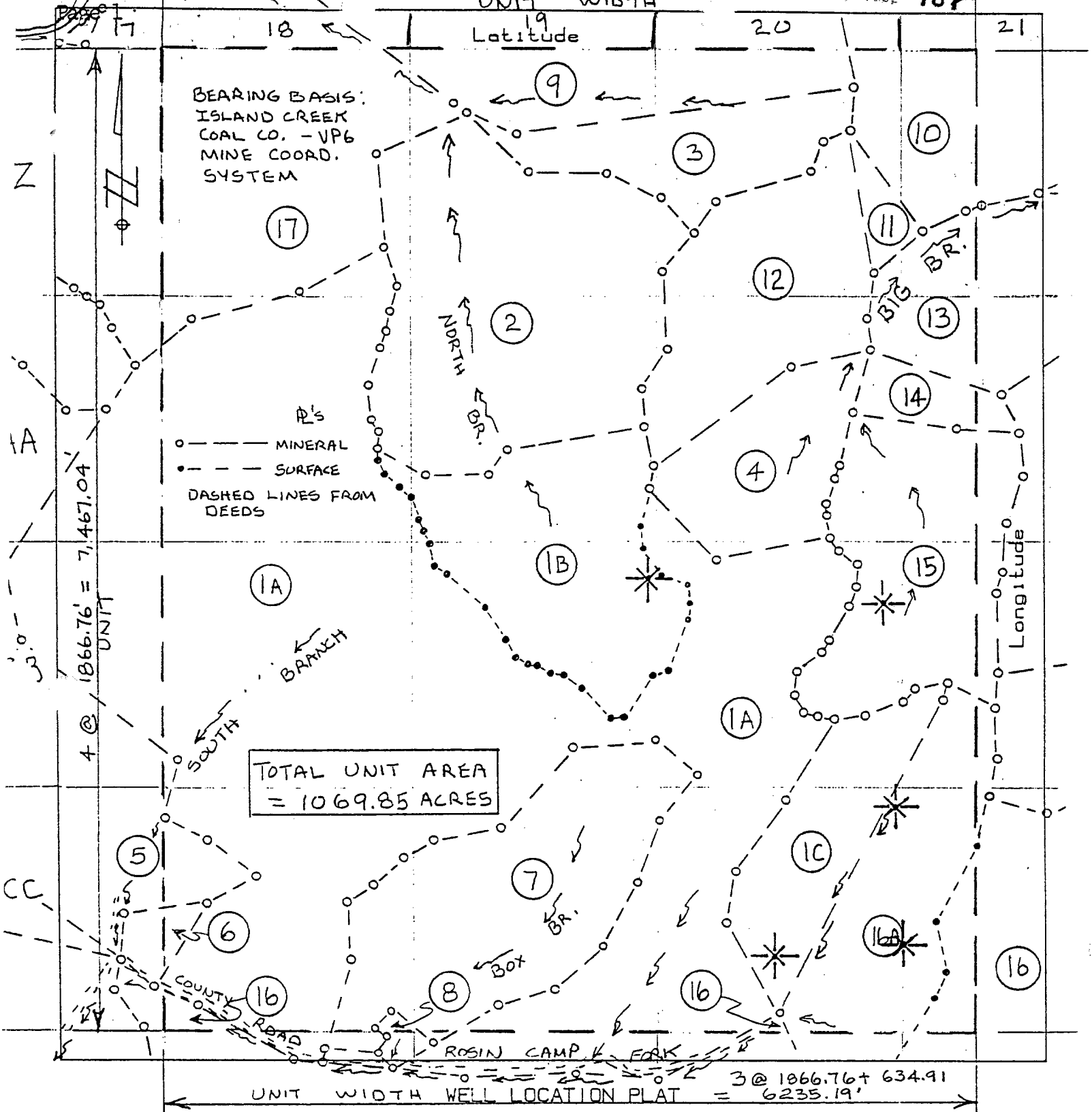
My commission expires 7/31/94

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 5th day of October, 1992,
personally before me a notary public in and for the Commonwealth of Virginia,
appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is
Principal Executive to the Staff of the Virginia Gas and Oil Board, that he
executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

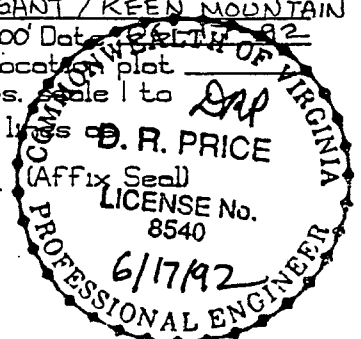
My commission expires 7/31/94



Company ISLAND CREEK COAL CO. Well Name and Number VP6 SEALED GOB UNIT
 Tract No. BIGVEIN 77 ET AL Elevation N/A Quadrangle VANSANT / KEEN MOUNTAIN
 County BUCHANAN District HURRICANE / GARDEN Scale: 1" = 1,000' Date 6/17/92
 This Plat is a new plat ; an updated plat ✓; or a final location plat

Denotes the location of a well on United States topographic Maps. Scale 1 to 24,000. latitude and longitude lines being represented by border lines shown.

D. R. Price
 Licensed Professional Engineer or Licensed Land Surveyor



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Exhibit "A"
Page 2

State Plane Coordinates:

NW Corner	N 320,678.239	E 975,658.285
NE Corner	N 320,501.482	E 981,902.765
SE Corner	N 313,037.765	E 981,679.704
SW Corner	N 313,214.189	E 975,447.006

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Page 1

PARTIES RESPONDENT

EXHIBIT "B"

Unit No.: SGU-VP6

RESPONDENT(S) WHO HAVE NOT LEASED OR OTHERWISE CONTRACTED WITH APPLICANT

	<u>Owner</u>	<u>Mineral Ownership</u>	<u>Net Acreage Within Unit</u>	<u>Undivided Net Interest Within Unit</u>
	Tract <u>No. 1C</u>			
1.	Raymond Guy Boyd & Barbara Boyd c/o Buchanan Co. Administrator P. O. Box 950 Grundy, VA 24614	Oil & Gas	0.6198	0.0379%
2.	Russell V. Presley & Joann Presley P. O. Box 36 Oakwood, Virginia 24631	Oil & Gas	0.1859	0.0173%
3.	Emma J. Presley 303 W. Lytle Rd. Springboro, OH 45066	Oil & Gas	0.1859	0.0173%
4.	Marshall Presley & Geneva Presley 1215 W. Collins St. Flatwoods, KY 41139	Oil & Gas	0.1859	0.0173%
5.	Corbet Presley & Ellen Presley 5820 Decker Rd. Franklin, OH 45005	Oil & Gas	0.3718	0.6347%
6.	Stella Hurt & Clovis Hurt 503 Country Club Dr. Ashland, KY 41101	Oil & Gas	0.1859	0.0173%
7.	Missouri Turner, widow 1238 Eastview Dr. Mansfield, OH 44905	Oil & Gas	0.1859	0.0173%
8.	Venia L. Boyd Rt. 1, Box 118A Vansant, VA 24656	Oil & Gas	0.3718	0.0347%
9.	Myrtle L. Presley, widow 5551 Durwood Rd. Dayton, OH 45429	Oil & Gas	0.9296	0.0868%

10.	Cora Presley, widow P.O. Box 75 Oakwood, Va 24631	Oil & Gas (dower)	1.8593	0.1737%
11.	Louise McClanahan & Burke McClanahan P.O. Box 144 Oakwood, Va 24631	Oil & Gas (Subject to Dower)	0.2324	0.0217%
12.	Masel Presley, single P.O. Box 75 Oakwood, Va 24631	Oil & Gas (Subject to dower)	0.2324	0.0217%
13.	Pauline P. Davis & Gilbert Davis Rt. 1 Box 243H Rileyville, Va 22650-9801	Oil & Gas (Subject to dower)	0.2324	0.0217%
14.	Charline McClary and James McClary 910 Flood Rd. Ft. Pierce, FL 33482	Oil & Gas (Subject to dower)	0.2324	0.0217%
15.	Henry Presley & Nellie Presley 6631 Tunlaw Ct. Alexandria, VA 22312	Oil & Gas (Subject to dower)	0.2324	0.0217%
16.	Maxine Presley Mark & Bill Mark 43178 N. Hunt Club Rd. Antioch, IL 60002	Oil & Gas (Subject to dower)	0.2324	0.0217%
17.	Sue Presley 704 Highland Ave. Falls Church, VA 22046	Oil & Gas (Subject to dower)	0.2324	0.0217%
18.	Harry L. Presley Rt. 1, Box 209 Vansant, VA 24656	Oil & Gas	13.4448	1.2567%
19.	Woodrow Presley Rt. 1, Box 210 Vansant, VA 24656	Oil & Gas	5.2921	0.4946%
20.	Ralph K. Presley 9223 Brentsville Rd. Manassas, VA 22111	Oil & Gas	0.5721	0.0534%
21.	Willard Presley Rt. 1, Box 210 Vansant, VA 24656	Oil & Gas	0.5721	0.0534%
22.	James C. Presley Rt. 1, Box 210 Vansant, VA 24656	Oil & Gas	0.5721	0.0534%

23.	Pauline Presley Rt. 1, Box 210 Vansant, VA 24656	Oil & Gas	0.5721	0.0534%
24.	Vergie Breeding, heirs, successor assign or devisees Address Unknown	Oil & Gas	1.8593	0.1737%
25.	Yvonne Ray, et vir Address Unknown	Oil & Gas	0.3098	0.0289%
26.	Louise Allen Address Unknown	Oil & Gas	0.3098	0.0289%
27.	Zane F. Breeding Address Unknown	Oil & Gas	0.3098	0.0289%
28.	Udell Breeding Address Unknown	Oil & Gas	0.3098	0.0289%
29.	Arthur F. Breeding Address Unknown	Oil & Gas	0.3098	0.0289%
30.	Novelda E. Simpson	Oil & Gas	0.3098	0.0289%
31.	Wanda Lee Boyd Address Unknown	Oil & Gas	0.6198	0.0579%
32.	Tivis Boyd, Jr. Address Unknown	Oil & Gas	0.6198	0.0579%
33.	Eunice Jackson, Heirs, devisees, successors or assigns Address Unknown	Oil & Gas	1.8593	0.1737%
34.	Fontelle Presley and Burl Address Unknown	Oil & Gas	0.9296	0.0868%
35.	Gertie Rasnake Heirs, devisees, successors, or assigns Address Unknown	Oil & Gas	1.8593	0.1737%
36.	Fred Presley Address Unknown	Oil & Gas	0.9296	0.0868%
37.	Doris Abshire Address Unknown	Oil & Gas	0.9296	0.0868%
38.	James R. Williamson c/o Stites & Harkison 600 West Main Street Louisville, KY 40202	Oil & Gas	0.0929	0.0087%
39.	Barbara W. Banks 21 Regents Park Lane Frankfort, KY 40206	Oil & Gas	0.0929	0.0087%

40.	Commons Presley, his heirs, devisees, successors or assigns	37.76	3.53%
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Tract No. 3

1.	Garden Realty Corp. c/o Betty B. King 2370 Lindhurst Ave. Winston-Salem, NC 27103	Oil & Gas Lessor	32.25	3.02%
2.	Pocahontas Gas Partnership P.O. Box 200 Mavisdale, VA 24627	Oil & Gas Lessee	32.25	3.02%

Tract No. 5

1.	Eura G. Hale and Neatom B. Hale P.O. Box 251 Oakwood, VA 24631	Oil & Gas	0.3440	0.0322%
2.	Edward Keen and Beulah Keen Star Rt. Box 57 Rowe, VA 24646	Oil & Gas Tenants w/ Rts of Survivorship	1.0322	0.0968%
3.	Beulah Keen and Edward Keen Star Rt. Box 57 Rowe, VA 24646	Oil & Gas	0.1223	0.0114%
4.	Clarence J. Street & Hazel A. Street Star Route Rowe, VA 24646	Oil & Gas	0.1223	0.0114%
5.	Eunice I. Rasnake, widow P.O. Box 150 Rowe, VA 24646	Oil & Gas	0.1223	0.0114%
6.	Okia A. Eaton & James H. Eaton P.O. Box 465 Honaker, VA 24260	Oil & Gas	0.1223	0.0114%
7.	Betty S. Woodward & Donald Woodward P.O. Box 734 Oakwood, VA 24631	Oil & Gas	0.1223	0.0114%
8.	Bonnie L. Davis & James Davis P.O. Box 155 Rowe, VA 24639	Oil & Gas	0.0255	0.0024%
9.	Brenda G. Davis & Hurley Davis Rt. 1, Box 45D Raven, VA 24639	Oil & Gas	0.0255	0.0024%

10.	Rondal H. Street Star Rt. Box 44 Rowe, VA 24646	Oil & Gas	0.0255	0.0024%
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10.	Rondal H. Street Star Rt., Box 44 Rowe, VA 24646	Oil & Gas	0.0255	0.0024%
11.	Tolly R. Street, Single 6716 Queens Road Alexandria, VA 22306	Oil & Gas	0.6881	0.0645%
12.	Ellen M. Byrd & Arlin Byrd Rt. 1, Box 6A Bandy, VA 24602	Oil & Gas	0.6881	0.0645%
13.	Marie Boyd & Rawligh Byrd Rt. 1, Box 33D Cedar Bluff, VA 24609	Oil & Gas	0.6881	0.0645%
14.	Betty L. Mooney & husband, if married 707 W. Vine St. Mt. Vernon, Ohio 43505	Oil & Gas	0.6881	0.0645%
15.	Mary M. Calhoun, widow Box 163 White Sulphur Springs, WV 24988	Oil & Gas	0.6881	0.0645%
16.	Agnes G. Cooper, widow H.C. 67, Box 102 Pilgrim Knob, VA 24634	Oil & Gas	0.6881	0.0645%
17.	Vida E. Street, widow P. O. Box 150 Whitewood, VA 24657	Oil & Gas	0.6881	0.0645%

Tract No. 6

1.	Carl Gus Jackson and wife Mary Katherine Jackson Rt. 2, Box 613 Honaker, VA 24260	Oil & Gas	0.0001969	0.00001%
2.	Peggy P. Starnes and husband Dallas Starnes 1310 Melrose Dr. Mansfield, OH 44901	Oil & Gas	0.0001969	0.00001%
3.	Jennings Ralph Jackson and wife Judith Ann Jackson 3255 Bluemont Rd. Memphis, TN 38134	Oil & Gas	0.0001969	0.00001%
4.	Patricia Muncy Weitner and husband Mark Weitner 1654 Wild Pine Way Herndon, VA 22070	Oil & Gas	0.0009215	0.00008%

5.	Denise Hale and husband Max Hale Route 2, Box 104 Grundy, VA 24614	Oil & Gas	0.0009215	0.00008%
6.	Minor Muncy III and wife Peggy Muncy 2016 Shade Hunter Lane Maiden, VA 23102	Oil & Gas	0.0009215	0.00008%
7.	Harold E. Jackson and wife Darlene Lester Jackson P. O. Box 128 Rowe, VA 24646	Oil & Gas	0.0036868	0.00034%
8.	Gary Leon Jackson and wife Darlene K. Jackson Paintlick, VA 24609	Oil & Gas	0.0036868	0.00034%
9.	Ronald W. Jackson and wife Sally Kay Jackson P.O Box 1227 Honaker, VA 24260	Oil & Gas	0.0036868	0.00034%
10.	Martha Elaine Boyd May and husband Walter O. May P.O. Box 35 Freeburn, KY 41528	Oil & Gas	0.0024578	0.00023%
11.	Peggy Street Bailey and husband Dennie Bailey Box 126 Rowe, Va 24646	Oil & Gas (Remainderman)	0.162222	0.01521%
12.	Myrtle Boyd (divorced) P. O. Box 522 Waldo, FL 32694	Oil & Gas	0.0024578	0.000023%
13.	Marie Boyd Charles and husband Glen Charles P. O. Box 440 Vansant, VA 24656	Oil & Gas	0.0024578	0.00023%
14.	Janice Street, widow Address Unknown	Oil & Gas	0.2433333	0.02282%
15.	James Lynn Davis and wife Bonnie Davis	Oil & Gas	0.4573823	0.04289%
16.	James Lynn Davis Address Unknown	Oil & Gas (Life Estate)	0.0405555	0.0038%

17.	Peggy Street Bailey and husband Dennie Bailey Box 126 Rowe, VA 24646	Oil & Gas	0.4573823	0.04289%
18.	Danny Wayne Bailey - Remainderman Address Unknown	Oil & Gas	0.162222	0.01521%
19.	Gary Wayne Stacy - Remainderman Address Unknown	Oil & Gas	0.1216665	0.01141%
20.	Anthony Jackson, heirs, devisees successors or assigns Address Unknown	Oil & Gas	0.0663635	0.00622%
21.	Joe Earl Street Address Unknown	Oil & Gas	0.1824999	0.01711%
22.	Sylvia Street Wolfe (Address Unknown)	Oil & Gas	0.1824999	0.01711%
23.	Bill Dye, his heirs, devisees, successors successors, or assigns (Address Unknown)	Oil & Gas	0.0208571	0.00195%
24.	Barry Street, his heirs, devisees, successors or assigns (Address Unknown)	Oil & Gas	0.7299999	0.06846%
25.	Vickie Street Boyd, her heirs, devisees successors or assigns (Address Unknown) successors <u>Tract No. 7</u>	Oil & Gas	0.7299999	0.06846%
1.	Daniel A. Shortridge and Darlis A. Shortridge P. O. Box 117 Rowe, VA 24646 <u>Tract No. 8</u>	Oil & Gas	76.25	7.15%
1.	Hensley Street P. O. Box 143 Rowe, VA 24646	Oil & Gas	0.33	0.03%
2.	Marie Street P.O Box 143 Rowe, VA 24646	Oil & Gas	0.33	0.03%

Tract No. 17 AMENDED

1.	Marshall H. Keen & Joan Keen Box 172 Oakwood, VA 24631	Coal	2.0378	0.1911%
2.	Sue Loflin Rt. 3 Box 290 Abingdon, VA 24210	Coal	2.0378	0.1911%
3.	Denny Rowe Rt. 3 Box 291 Abingdon, VA 24210	Coal	2.0378	0.1911%
4.	Ferrell Rowe Rt. 3 Box 292 Abingdon, VA 24210	Coal	2.0378	0.1911%
5.	Melvin H. Rowe Rt. 3 Box 290 Abingdon, VA 24210	Coal	2.0378	0.1911%
6.	Mitilda G. Rowe Rt. 3 Box 290 Abingdon, VA 24210	Coal	2.0378	0.1911%
7.	Gladys E. Rowe P. O. Box 29 Rowe, VA 24646	Oil & Gas	76.36	7.16%

EXHIBIT "B1"

Other persons entitled to notice under Va. Code Ann. § 45.1-361.19

<u>Name</u>	<u>Status of Ownership</u>
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1. None.	
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Applicant, has under lease or contract the Coalbed Methane Gas underlying the tract(s) within this unit from all other interest owners.

VIRGINIA: In the Clerk's Office of the Circuit Court of Buchanan County. The foregoing instrument was this day presented in the office aforesaid and is, together with the certificate of acknowledgment annexed, admitted to record this 8th day of October, 19 92 3:46 P M.
Deed Book No. 399 and Page No. 777.

TESTE: James M. Bevin, Jr. ClerkBy: Patricia A. Imel, Deputy Clerk

~~32~~ 32.90

CLERK'S OFFICE CIRCUIT COURT
BUCHANAN COUNTY, VIRGINIA
Filed and admitted to record
this 8th day of Oct 1992
at 3:46 o'clock P. M.
Recorded Deed Book Page
030 State Tax
211 County Tax
212 Transfer
301 Recording 29.00
030 State Tax
220 Local Tax
145 VSLT 1.00
Total 30.00
Teste James M. Devins, Jr., Clerk
By 210 T.R.

Dept. of Revenue, Minerals, & Energy